

USAID/Philippines
ANNUAL REPORT FY 2003

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Please Note:

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A. Program Level Narrative

Program Performance Summary:

The Development Challenge: Although its democratic system of government has demonstrated vibrancy and resilience, corruption, persistent internal conflict, and a high population growth rate have kept the Philippines from performing on a par with its developing neighbors in East or Southeast Asia. The Philippines continues to suffer from: a 2.36% rate of population growth; the destructive exploitation of natural resources that severely affects its globally significant biodiversity; and threats to political stability. The latter includes a nationwide insurgency by the Communist New People's Army (declared a terrorist organization by the U.S. in 2002), and separatist violence in Muslim Mindanao where poverty indicators are well above the national average.

The Philippines has nevertheless maintained its democratic institutions, its market-based economic system, and its historic ties with the United States, and has achieved significant results on many fronts in 2002. Under President Macapagal-Arroyo, it has been one of the United States' strongest supporters in the global war on terrorism. In recent years, job growth in the Philippines' organized private sector, especially for women, has outpaced population growth (if only slightly). And, significantly, the Philippines has been able to expand its share of China's imports. Agricultural output has also slightly outpaced population growth, but -- due largely to self-imposed import barriers -- the Philippines continues to endure higher rice prices than its neighbors, which contributes to rural and urban poverty.

The conflict situation in the Philippines with respect to Muslim Mindanao is, with USAID's assistance, being managed. In addition to reintegration of former Muslim National Liberation Front (MNLF) combatants into the productive economy, the GRP is making a strong effort in peace negotiations with the Muslim Islamic Liberation Front (MILF). The resurgence of the NPA throughout the Philippines is, however, a major cause for concern, in a sense counter-balancing conflict-reduction in Mindanao. USAID programs, particularly in Mindanao, have been affected by the current level of violence inasmuch as travel to certain areas must be undertaken with great caution. Fortunately, local contractor/grantee staff have greater mobility and are highly capable. As our activities are valued by the communities they assist and are successful in reducing conflict, we have not experienced serious negative impacts of conflict on our on-the-ground activities. However, conflict does remain a deterrent to investment in the Philippines.

USAID's Response: USAID works directly alongside Philippine reformers and peacemakers to address the key challenges of corruption and conflict, while also assisting Filipinos who are trying to mitigate the impacts of poverty on the people most immediately affected. For example:

-- While multinational donors provide loans to the Philippines for infrastructure and other public sector expenditures, USAID helped Philippine reformers in 2002 to reform government procurement procedures to reduce corruption, with potential savings in government procurement costs of as much as 20 percent.

-- Cooperatives, previously weakened by poor management are, along with rural banks, becoming solvent and achieving dramatic success in servicing tens of thousands of micro-depositors and borrowers (mainly women) using local credit resources under a new model of management-based, sustainable microfinance supported by USAID and our NGO partners.

-- USAID assists peacemakers. One key official of the Autonomous Region in Muslim Mindanao (ARMM) has said, "While everyone makes promises, USAID is the one who delivers." In the course of 2002, many former Muslim combatants have stayed away from fighting to become successful small farmers thanks to USAID's small grants of seeds and agricultural inputs, along with technical training. And, as a result of a private/public sector alliance between USAID and a private U.S. power firm, remote island communities in conflict areas without electricity, generated their first electric power. The private sector donated solar panels, and USAID helped the communities learn how to sustainably and equitably manage the systems.

-- USAID assistance to local governments to better manage coastal and forest resources is helping reduce conflicts over fishing grounds and land use, and supporting the sustainable use of highly threatened and economically important natural resources.

-- USAID has long supported access by Filipinos to modern methods of family planning, especially by families who experience high-risk pregnancies. In addition to providing commodities and health services via the public sector and local government health centers, USAID is strengthening the capacity of the private sector as health service providers.

-- Trade capacity-building continues to be essential to reducing poverty as it provides jobs and relieves rural economy overcrowding. USAID has the lead among donors in assisting the GRP to create a more transparent Customs regime, design safety nets acceptable to its trading partners, develop value-added tropical agricultural products, and improve the investment climate in enabling-infrastructure sectors such as energy, telecommunications, and financial services.

Review of Results in 2002

USAID/Philippines' assistance is organized around Strategic Objectives in four areas: the Muslim separatist conflict in Mindanao; corruption and economic governance; management of the energy sector and the Philippines' unique biodiversity resources; and the health impacts of poverty (the high number of unwanted pregnancies, maternal-child diseases, the recent resurgence of tuberculosis, and potential vulnerability to HIV/AIDS). Assistance under all four Strategic Objectives has been more greatly focused on the conflict-affected areas of Mindanao since the resurgence of fighting in early 2000 and the events of 9/11. Reducing corruption and improved management, through decentralization, private-sector involvement and administrative reform, are crosscutting implementation emphases under all the Objectives.

-- Strategic Objective: Prospect for Peace in Mindanao Strengthened

USAID is the GRP's principal partner in efforts to consolidate the still fragile peace in Mindanao and to reduce the potential for it to become a source of recruits for terrorist organizations. USAID supports: 1) integration of former combatants and their communities into the peacetime economy; 2) improving economic infrastructure in conflict-affected areas; 3) accelerating economic and business development of Mindanao; 4) increasing access to microfinance services; and 5) expanding educational opportunities for disadvantaged groups.

In 2002, USAID provided assistance to 8,000 former combatants to help them become established as small-scale commercial farmers and develop their ability to make a living for themselves and their families on a continuing basis. This brings the total to 21,000 former combatants assisted out of 25,000 identified as needing assistance. USAID also developed the capability of an additional 23 rural banks to profitably provide services to micro-enterprises, bringing the total number of rural banks assisted to 97. Out of 131,000 micro-depositors now regularly saving at the participating banks, some 53,000 opened their accounts in 2002.

USAID's support to the development of business support organizations resulted in effective advocacy for an agreement by the GRP to allow unhampered transport of timber grown on private lands in the region of Mindanao that is home to the largest number of small-farmer tree farms. In the conflict-affected areas, the ARMM Business Council, an umbrella organization for all business organizations in the ARMM, and the first ever Basilan Chamber of Commerce and Industry, were also established with USAID support. Assistance for targeted commodities resulted in continued annual increases in both production and sales ranging between 15% and 30%.

-- Strategic Objective: Investment Climate Less Constrained by Corruption and Poor Governance

USAID's Economic Governance program addresses issues fundamental to economic growth: confronting corruption and managing socioeconomic conflict over development policy. This program contributes to

the investment and job growth needed to reduce poverty and create an economic environment conducive to reducing conflict in Mindanao. It supports U.S. interests in combating terrorism and promoting regional stability, trade capacity building, making commercial and financial transactions more transparent, and protecting intellectual property rights. USAID targets assistance where corruption can be especially damaging: tax and customs administration, government procurement, and the judiciary.

Prominent among the results achieved in 2002 by the GRP and supported by USAID was the approval of the implementing rules and regulations of the Anti-Money Laundering Law, which addressed deficiencies in the law identified by the Paris-based Financial Action Task Force, and strengthens the GRP's role in the global war on terrorism. With USAID assistance, the GRP tackled corruption in revenue administration by identifying under-declarations and increasing collections of the value-added tax and also introduced a bill in Congress for re-engineering the Bureau of Internal Revenue. Implementing rules for the Customs Valuation Law were put in place to facilitate commodity trade and reduce corruption. USAID helped train government agencies and NGOs in procedures to make GRP procurements more efficient and transparent, and the Philippine legislature passed a new Procurement Code that will be implemented in 2003.

Enforcement of commercial laws has been strengthened with the establishment of a mechanism for court-based mediation in the Court of Appeals. A successful community-based conflict-management program was expanded into the Autonomous Region in Muslim Mindanao. USAID's local-government strengthening program was also re-focused on the ARMM.

International air service benefited from reforms that allowed more air carriers to serve key routes to and from the Philippines, resulting in significantly reduced air fares including for Filipino overseas contract workers. To improve service in inter-island shipping (basic to expanding agriculture and job creation in Mindanao), the Philippine Ports Authority issued revised bid rules for cargo-handling contracts. Approval of guidelines for interconnection between telephone carriers has improved telephone service in smaller towns served by independent telephone companies. Regulations have also been approved to promote telecommunications in underserved areas in the countryside to support local business development. Policies for supervising banks and cooperatives were revised to support sound programs for microfinance, which will particularly support development of microenterprise in Mindanao.

Scientific guidelines were put in place to permit food production from transgenic seed -- a first in Asia. A plant-variety protection law was also enacted to promote generation of intellectual property through applied agricultural research. Implementing regulations for border control to enforce the Intellectual Property Code were approved, helping to improve investor confidence.

-- Strategic Objective: Desired Family Size and Improved Health Sustainably Achieved

USAID continues stimulating the private, commercial sector to play a greater part in providing quality health and family planning services, thus allowing the public sector to strengthen its delivery of health-care services to the poor. USAID also promotes internal mechanisms for health financing to reduce the Philippines' dependence on donors. USAID's assistance focuses on two factors contributing to poverty in the Philippines: continued high population growth, and the high incidence of tuberculosis. USAID assists specialized activities that aim to improve the dramatically poor health indicators in the conflict-affected areas of Mindanao and other marginalized areas of the country. USAID is concurrently strengthening the private sector's ability to provide more and better quality family planning and tuberculosis services to reduce the requirements on the overstretched government systems.

Recent program efforts have paid off as preliminary data from the 2002 Family Planning and Maternal Child Health Surveys suggest a national increase in contraceptive prevalence rates for modern methods from 33.1% in 2001 to 35.1% in 2002. This represents at least 240,000 new users of modern family planning methods. Additional successes were seen in all major indicators: 2002 data show tetanus toxoid protection at 62.2% of pregnancies, or a 6.6 percentage points increase from 2001; complete childhood immunization levels at 63%, up 1.7% from 2001; and Vitamin A supplementation increased to 86.1%,

exceeding the national goal for the first time. HIV/AIDS prevalence remains below 3% among high risk groups in sentinel surveillance sites.

USAID's Matching Grants Program enrolled an additional 193 local governments in 2002, for a total of 338, of which 113 are in Mindanao. USAID's Infectious Disease program strengthened tuberculosis and malaria diagnosis and management in 51 local governments, including conflict affected areas of Mindanao. In the private sector, FriendlyCare's network of 10 clinics served over 161,000 clients, up by 78% from 2001, generating \$700,000 in revenues. The system of private midwife clinics established with USAID technical and training assistance grew by 42 in the second half of 2002, for a total of 217 nationwide, including 104 in Mindanao. In 2002, these clinics performed 179,224 maternal-child health procedures, earned total revenues of about \$960,000 and furnished contraceptives providing 24,000 couple-years of protection. To ensure sustainability of the midwife clinic model, USAID assisted in franchising the system.

-- Strategic Objective: Productive, Life-Sustaining Natural Resources Protected

USAID improves environmental governance at the national and local levels by helping governments address threats to marine and forest resources; build capacity to develop and implement integrated solid waste management systems; and promote transparency and accountability in managing natural resources and enforcing environmental laws. USAID's work in energy and air quality is helping establish an open, competitive market for the generation and supply of power to lower electricity costs and improve national competitiveness, and helping reduce vehicle emissions to improve public health. USAID's energy efforts include a major emphasis on the conflict-affected areas of Mindanao, where 300 households and public facilities in 10 remote communities received donations of solar electric panels from USAID's private corporate partner and USAID help in organizing to manage these systems sustainably. The 1,800 beneficiaries of this program have 70% lower energy costs and brighter lights for childcare, school work and livelihood activities.

The Energy Regulatory Commission relied on USAID's technical assistance to settle the first of 140 cases to unbundle (separate) generation and transmission rates, which is critical to permitting competitive private investment in the sector. Under its Clean Air Program, the GRP formed a working group of Undersecretaries from six agencies to lead the establishment of 15 private vehicle emission-testing centers, critical to reducing Manila's unhealthy air quality. Following a USAID-led study tour, GRP officials launched a program goal to have 100 compressed natural gas (clean fuel) buses operating in Manila by October 2003.

USAID's efforts in improving environmental governance resulted in 15 Mindanao local governments committing \$160,000 of their own funds to reduce illegal logging, destructive fishing and improve solid waste management. Five municipalities placed an additional 1,310 hectares (ha) of coastlines under improved management, for a total of 31,870 ha under improved management. Through training and technical assistance, 100 communities improved their capacity to monitor and protect 1,600 ha of marine sanctuaries. The passage of an ordinance delineating municipal waters provided small municipal fishers from 12 municipalities greater access to coastal resources and limited over-fishing by commercial vessels. Increased public awareness and support for enforcing environmental laws resulted in the apprehension and impoundment of at least 218 commercial fishing boats operating illegally inside municipal waters. These efforts are critical to reversing the damage to the Philippine environment, recognized to be among the richest biodiversity countries in the world per unit area.

Environmental Compliance: All ongoing activities are in compliance with their approved Initial Environment Examinations (IEE). The Mission will prepare an IEE recommending negative determination for a new activity being designed to support the strategic objective of Desired Family Size and Improved Health Sustainably Achieved. The new activity integrates elements of the Mission's current activities in family planning, maternal and child health, HIV/AIDS, and tuberculosis, which were earlier determined by the Bureau's Environmental Officer as having no adverse environmental impact.

Country Closeout & Graduation: None.

D. Results Framework

492-002 Investment Climate Less Constrained by Corruption and Poor Governance

SO Level Indicator: Domestic tax effort

SO Level Indicator: Gross capital formation rate

SO Level Indicator: Private, formal-sector employment by gender: male

SO Level Indicator: Private, formal-sector employment gender: female

SO Level Indicator: Trade protection

2.1 Institutions, policies and practices made transparent and accountable

2.2 Competitive barriers to development of infrastructure and trade removed

Discussion: In FY 2002, no changes were made to SO2's Results Framework. However, SO2's targets were adjusted to reflect the experience of the period since the Asian Currency crisis in 1997-98. The revised targets emphasize both annual progress and longer-term goals. Changes are noted below.

-- Gross capital formation rate

Precise definition: Change in GDCF/GDP (note: same definition of terms as before).

Unit of Measure: Percentage points.

Management utility: An investment rate of approximately 30% is needed to support economic growth and poverty reduction at the rates observed in successful economies in the region. At present, the investment rate is close to 20% and needs to increase by 1 percentage point annually to reach satisfactory levels in a reasonable amount of time. Poor performance could lead the Mission to increase the benchmark to more than 1 percentage point for the following years, while good performance could lead to a decrease in the benchmark if the rate approaches 30%.

-- Domestic tax effort

Precise definition: Change in DTR/GDP (note: same definition of terms as before).

Unit of Measure: Percentage points.

Management utility: (1) USAID supplies assistance to GRP agencies collecting domestic taxes. (2) Domestic Tax Effort of about 18% is needed for the GRP to provide adequate public services without the fiscal debt spiraling out of control. At present, the Effort is about 12%, and an increase of 0.5 percentage points per year is needed to reach satisfactory levels in a reasonable amount of time. Poor performance could lead the Mission to increase the benchmark to more than 0.5 percentage points for the following years, while good performance could lead to a decrease in the benchmark if the rate approaches 18%.

-- Trade protection

Precise definition: Change in EPR (defined as before).

Unit of Measure: Percentage points.

Management Utility: (1) USAID supplies assistance to agencies that set GRP commercial policy. (2) Trade protection through biased taxation should be eliminated to ensure that resources are allocated to production that has value in the market. At present, the EPR is about 14%, and a decrease of 1 percentage point per year is needed to reach satisfactory levels in a reasonable amount of time. Poor performance could lead the Mission to increase the benchmark to more than 1 percentage point for the following years, while good performance could lead to a decrease in the benchmark if the rate approaches zero.

-- Private, formal-sector employment by gender: male and female - no change to these indicators

492-003 Reduced Fertility Rate and Improved Maternal and Child Health

SO Level Indicator: Contraceptive prevalence rate of modern methods

SO Level Indicator: HIV/AIDS seroprevalence among registered female commercial sex workers in selected LGUs

SO Level Indicator: Percentage of birth in high risk categories

SO Level Indicator: Private sector provision of family planning services

- 3.1 LGU provision and management of FP/MCH/TB/HIV -AIDS services strengthened
- 3.2 Provision of quality services by private and commercial providers expanded
- 3.3 Greater social acceptance of family planning achieved
- 3.4 Policy environment and financing for provision of services improved

Discussion: In FY 2002, USAID integrated the original SO3: “Reduced Fertility Rate and Improved Maternal and Child Health” with SO7: “Threat of HIV/AIDS and Other Selected Infectious Diseases Reduced” to take advantage of emerging opportunities such as more mature local government units, a greater appreciation and acceptance of the role that the private sector can play in the delivery of services, and a broadened social health insurance system. The integrated SO3 was restated as “Desired Family Size and Improved Health Sustainably Achieved” to take into consideration cultural and political sensitivities that emerged during the extensive consultations that were done with partners and stakeholders.

The intermediate results (IRs) were also modified to reflect a strategy that will target the greatest barriers to sustainable progress. These are the capacity of local governments to implement public health programs, the underutilization of the private sector, the lack of social acceptance of family planning, and the need for policies and financing which determine resource allocation in the sector. IRs 3.1 and 3.2 are directed toward improving the efficient, effective and sustainable delivery of health and family planning services in the critical areas of local government and the private health sectors where most health services are delivered. IRs 3.3 and 3.4 focus on developing the engines of change that will provide the invigorated atmosphere within which services will be provided. In particular, IR 3.3 was developed to aggressively pursue activities that position family planning as a mainstream health intervention much like immunization, TB control, or HIV/AIDS prevention. This is aimed at increasing acceptance by Filipinos of the use of family planning as a part of a normal, healthy lifestyle.

Most of the activities that were being implemented prior to the integration of the original SO3 and SO7 continued under the integrated SO3. However, these activities were refined to better realign themselves with the IR for which they are most supportive.

492-004 Environmental Management Improved

SO Level Indicator: Hectares of coastal and forest resources brought under improved management

SO Level Indicator: Households in conflict-affected areas of Mindanao electrified with renewable energy by 2004.

- 4.1 Improved environmental governance
 - 4.1.1 Reduced overfishing and use of destructive fishing practices and reduced illegal logging and conversion of natural forests
 - 4.1.2 Improved LGUs' solid waste management
- 4.2 Improved performance in the energy and air quality sectors
 - 4.2.1 Reduced electricity costs
 - 4.2.2 Expanded use of clean and indigenous fuels
 - 4.2.3 Reduced vehicle emissions

Discussion: SO4 supports USAID/Philippines' mission goal of accelerating sustainable economic growth and reducing poverty, specifically by improving the abundance, diversity, and quality of key natural resources. This strategic objective has two components - an EcoGovernance Program focused on improving management of coastal resources, forest resources, and solid waste, and the Energy and Clean Air Program focused on improving environmental performance in the power and transportation sectors.

The EcoGovernance program will address critical threats to the country's coastal resources and forests, primarily, over-fishing and use of destructive fishing practices, and illegal logging and conversion of natural forests. The program will also strengthen the ability of local governments and communities to implement integrated solid waste management.

The Energy and Clean Air Program seeks to support the restructuring of the energy sector to create an open, competitive market for generating and distributing electricity; expand the use of clean fuels and renewable energy such as natural gas, small hydropower, solar, wind and biomass; and support efforts to reduce air pollution from the transportation sector.

492-010 Prospect for Peace in Mindanao Strengthened

SO Level Indicator: Ind1

- 10.1 Reintegration of Former Combatants and their Communities
- 10.2 Expansion of Microfinance Services
- 10.3 Development of Needed Economic Infrastructure
- 10.4 Acceleration of Economic and Business Development
- 10.5 Improvement of Governance and Social Services

Discussion: Reflecting the evolving situation in Mindanao, and the expansion of USAID activities there, the SO10 Results Framework has been elaborated to more accurately depict and encompass the various activities USAID will be implementing which are aimed at strengthening prospects for peace in Mindanao. The pace of economic development in Mindanao has historically been substantially less than it has been in the rest of the country, and the pace of economic growth in the conflict affected areas of Mindanao has historically substantially lagged behind the rest of Mindanao. Many factors contribute to the slow pace of economic growth in Mindanao and its conflict affected areas, and SO10 activities have been expanded to address the key factors.

Under IR 10.1, USAID will continue its efforts to assure that former combatants have the means to make a reasonable living for themselves and their families. Under IR 10.2, we will continue efforts to assure the availability of reasonably priced credit to microenterprises throughout Mindanao, with special attention given to microenterprises in the conflict affected areas. Under IR 10.3, USAID will be financing construction of both small scale and mid-scale infrastructure projects in up to 500 communities throughout the conflict affected area. In addition to the economic benefit to be derived from these new or refurbished infrastructure, the infrastructure projects will also be a visible manifestation of the GOP's determination to try to redress past neglect of Mindanao's cultural minorities, and, as such, will help lessen chances for expansion of hostilities in Mindanao. Under IR 10.4, USAID will implement a number of activities aimed at catalyzing more rapid economic growth in, primarily, the conflict-affected areas of Mindanao. These will include efforts to create a network of business support organizations which can provide services needed by key business sectors; efforts to diversify agricultural production and agribusiness in the conflict affected areas; efforts to expand exports to China; etc. Under IR 10.5, USAID will assist the ARMM Government to improve performance in key areas, and will also help the ARMM Government improve the quality of education and other social services being provided in the ARMM.

Some of the Indicators the Mission will use to track progress toward attainment of SO 10 are shown in the SO Indicator Table (Section E).

Selected Performance Measures - Philippines

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| Indicator (all data should pertain to FY or CY 02) | OU Response | | | Significant Result: Description of the significant result for a strategic objective | Data Quality Factors: Information relevant to the collection of this indicator data, e.g. "this data was not collected last year because it is only collected every five years." |
|---|-------------|--|--|---|---|
| Pillar I: Global Development Alliance | | | | | |
| Did your operating unit achieve a significant result working in alliance with the private sector or NGOs? | | | | | |
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | (1) Scientific guidelines were put in place to permit food production from transgenic seed -- a first in Asia. (2) Installation of an Automated Export Documentation System that results in actual release of cargo in five minutes compared to up to one day in the past; average savings for each freight forwarder of at least \$10,000 per day. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| 492-004 Environmental Management Improved | Yes | | | 300 households in remote communities of former rebel combatants were electrified with renewable energy; 10 Operations and Maintenance Fund and 10 Barangay Renewable Energy Community Development Associations were established to manage and maintain the electricity systems. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| a. How many alliances did you implement in 2002? (list partners) | 3 | | | | SO2: Monsanto (continuing); Airfreight 2100 (new an association of freight forwarders in the Philippines); SO4: Mirant Philippines (new) |
| b. How many alliances do you plan to implement in FY 2003? | 2 | | | | Mirant Philippines; Airfreight 2100 |
| What amount of funds has been leveraged by the alliances in relationship to USAID's contribution? | 5400000 | | | | SO2: Monsanto \$2,000,000 FY 2001-2002; Airfreight 2100 - \$200,000; SO4: Mirant: \$3,200,000 over the next three years |
| Pillar II: Economic Growth, Agriculture and Trade | | | | | |
| USAID Objective 1: Critical, private markets expanded and strengthened | | | | | |

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | | |
|---|-----|--|--|---|---|
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | (1) A new, market-based pricing structure for telephone service was developed, which attracted over 100,000 new low-cost prepaid service subscribers in 2002. (2) In response to consumer complaints, the Dept. of Trade and Industry compiled information about "pre-need" investment vehicles, while continuing to support members of Congress in considering stronger regulatory standards for pre-need companies. (3) Implementing rules were drafted for the Anti-Money Laundering (AML) law, a new Terrorist Financing bill, and an amendment to the AML law that proposes, among other things, to reform the Philippines' highly non-transparent standards on deposit secrecy. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| 492-010 Prospect for Peace in Mindanao Strengthened | | | | | |

USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | | |
|---|-----|--|--|--|---|
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | (1) Systems and procedures to implement the guidelines for commercialization of plants derived from biotechnology were established. The GRP approved East Asia's first transgenic seed variety for commercial multiplication and planting in the Philippines. (2) The Plant Variety Protection Act was passed. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| 492-010 Prospect for Peace in Mindanao Strengthened | | | | | |

USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | | |
|---|-----|--|--|---|---|
| 492-010 Prospect for Peace in Mindanao Strengthened | Yes | | | Funds totaling more than \$20.75 million have been loaned to microenterprises by participating rural banks. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
|---|-----|--|--|---|---|

USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | |
|--|------|--------|-------|--|
| 492-010 Prospect for Peace in Mindanao Strengthened | | | | |
| a. Number of children enrolled in primary schools affected by USAID basic education programs (2002 actual) | Male | Female | Total | |
| b. Number of children enrolled in primary schools affected by USAID basic education programs (2003 target) | Male | Female | Total | |

USAID Objective 5: World's environment protected by emphasizing policies and practices ensuring environmentally sound and efficient energy use, sustainable urbanization,

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | | |
|---|-------|--|--|---|--|
| 492-004 Environmental Management Improved | Yes | | | SO activities in 2002 has resulted in fifteen LGUs (13 in Mindanao) committing nearly 8 million pesos (\$160,000) as counterpart funds to support efforts to reduce illegal logging and fishing, and improve solid waste management. Improved monitoring of coastal areas also supported Philippine government efforts to control smuggling, trafficking and terrorism. Training and technical assistance strengthened the ability of about 100 communities to monitor and protect 1,600 hectares of marine sanctuaries. Increased public awareness and support for enforcing environmental laws resulted in the apprehension and impoundment of at least 218 commercial fishing boats illegally operating inside municipal waters. A total of 325 cases of illegal fishing activities have either been filed in courts or referred to the Bureau of Fisheries and Aquatic Resources. | Indicators for this SO were reviewed favorably in September 2001 as part of a Mission-wide assessment of USAID/Philippines performance indicators, per ADS 203.3.6.5. |
| a. Hectares under Approved Management Plans (2002 actual) | 32630 | | | | Data reported are based on 3,263 km of shoreline along 100 m of major coral reef habitat covering 106 out of 832 coastal municipalities with approved 5-year Coastal Resources Management Plans being adopted by local governments and with local budgets allocated. The total of 3,263 km represents 18 percent of the 18,000 km of shoreline nationwide. |
| b. Hectares under Approved Management Plans (2003 target) | 35000 | | | | Results reporting is cumulative under the SO. Out of the FY 2003 target of 35,000 ha -- 30,000 ha for 2002 was met in 2001 under the 7-year Coastal Resources Management Program which will phase-out in June 2004; the remaining target of 5,000 ha will be met under the EcoGov Program. |

Pillar III: Global Health

USAID Objective 1: Reducing the number of unintended pregnancies

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | | |
|--|-------|--|--|--|---|
| 492-003 Reduced Fertility Rate and Improved Maternal and Child Health | Yes | | | Modern method FP users increased from about 3.91 million in 2001 to 4.25 million in 2002. This means that an estimated number of 340,000 more women were protected from pregnancy during the year. | |
| Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS) | 35.1% | | | | Information based on the result of the 2002 Family Planning Survey. This survey uses universally accepted measures using worldwide quality standards. |

USAID Objective 2: Reducing infant and child mortality

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | |
|--|------|--------|-------|--|
| 492-003 Reduced Fertility Rate and Improved Maternal and Child Health | Yes | | | Vitamin A supplementation and all immunization levels reported were higher than the 2001 performance. |
| Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS) | Male | Female | Total | Total percentage of children age 12 months or less who have received their third dose of DPT is 79.6%. However, we have no data on the disaggregation between male and female children. Information is based on the final report of the 2001 Family Planning Survey. This survey uses universally accepted measures using worldwide quality standards. |
| Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS) | Male | Female | Total | |
| Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS) | Male | Female | Total | Percentage of children age 6-59 months receiving a Vitamin A supplement during the last six months is 86.1%. However, we have no data on the disaggregation between male and female children. Information is based on the result of the 2002 Family Planning Survey. This survey uses universally accepted measures using worldwide quality standards. |
| Were there any confirmed cases of wild-strain polio transmission in your country? | N/A | | | 3 cases were confirmed by the Philippines Department of Health |

USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | |
|--|-----|--|--|--|
| 492-003 Reduced Fertility Rate and Improved Maternal and Child Health | N/A | | | |
| Percentage of births attended by medically-trained personnel (DHS/RHS) | % | | | |

USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | |
|---|-------|--|--|---|
| 492-003 Reduced Fertility Rate and Improved Maternal and Child Health | Yes | | | The HIV seroprevalence rate is kept at < 3% of groups practicing high-risk behaviors. This is very good based on international standards. |
| a. Total condom sales (2002 actual) | | | | |
| b. Total condom sales (2003 target) | | | | |
| National HIV Seroprevalence Rates reported annually (Source: National Sentinel Surveillance System) | 0.06% | | | Information based on the result of the 2001 National Sentinel Surveillance in 100% of the sentinel sites. 2001 evaluation was conducted by the Philippines Dept of Health epidemiologists and expert consultant from USAID. Index indicator used was registered female commercial sex workers (RFCSWs). |

| | | | | |
|---|------|--------|-------|--|
| Number of sex partners in past year (Source: national survey/conducted every 3-5 years)per DHS or other survey) | | | | |
| Median age at first sex among young men and women (age of sexual debut) ages 15-24 (Source: national survey/conducted every 3-5 years) per DHS or other survey) | Male | Female | Total | |
| Condom use with last non-regular partner (Source: national survey/conducted every 3-5 years)per DHS or other survey) | % | | | |
| Number of Clients provided services at STI clinics | | | | |
| Number of STI clinics with USAID assistance | | | | |
| Number of orphans and other vulnerable children receiving care/support | | | | |
| Number of Orphans and Vulnerable Children programs with USAID assistance | | | | |
| Number of community initiatives or community organizations receiving support to care for orphans and other vulnerable children | | | | |
| Number of USAID-supported health facilities offering PMTCT services | | | | |
| Number of women who attended PMTCT sites for a new pregnancy in the past 12 months | | | | |
| Number of women with known HIV infection among those seen at PMTCT sites within the past year. | | | | |
| Number of HIV-positive women attending antenatal clinics receiving a complete course of ARV therapy to prevent MTCT (UNGASS National Programme & Behavior Indicator #4) | | | | |
| Number of individuals reached by community and home-based care programs in the past 12 months | | | | |
| Number of USAID-assisted community and home-based care programs | | | | |
| Number of clients seen at Voluntary Counseling and Testing (VCT) centers | | | | |
| Number of VCT centers with USAID assistance | | | | |
| Number of HIV-infected persons receiving Anti-Retroviral (ARV) treatment | | | | |

| | | | | |
|--|------|--------|-------|--|
| Number of USAID-assisted ARV treatment program | | | | |
| a. Number of individuals treated in STI programs (2002 actual) | Male | Female | Total | |
| b. Number of individuals treated in STI programs (2003 target) | Male | Female | Total | |
| a. Is your operating unit supporting an MTCT program? | | | | |
| b. Will your operating unit start an MTCT program in 2003? | | | | |
| a. Number of individuals reached by community and home based care programs (2002 actual) | Male | Female | Total | |
| b. Number of individuals reached by community and home based care programs (2003 target) | Male | Female | Total | |
| a. Number of orphans and vulnerable children reached (2002 actual) | Male | Female | Total | |
| b. Number of orphans and vulnerable children reached (2003 target) | Male | Female | Total | |
| a. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 actual) | Male | Female | Total | |
| b. Number of individuals reached by antiretroviral (ARV) treatment programs (2003 target) | Male | Female | Total | |
| USAID Objective 5: Reducing the threat of infectious diseases of major public health importance | | | | |
| Did your program achieve a significant result in the past year that is likely to contribute to this objective? | | | | |
| 492-003 Reduced Fertility Rate and Improved Maternal and Child Health | Yes | | | TB cure rates in 100% of the sites covered by the USAID TB program has gone down. |
| a. Number of insecticide impregnated bed-nets sold (Malaria) (2002 actual) | | | | |
| b. Number of insecticide impregnated bed-nets sold (Malaria) (2003 target) | | | | |
| a. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 actual) | 100% | | | 100% of USAID-assisted sites (48 municipalities and 3 cities). Information based on the assessment of the Infectious Disease Surveillance and Control Project conducted in June 2002 |
| b. Proportion of districts implementing the DOTS Tuberculosis strategy (2003 target) | 100% | | | 100% of USAID-assisted sites (48 municipalities and 3 cities). Information based on the assessment of the Infectious Disease Surveillance and Control Project conducted in June 2002 |
| Pillar III: Democracy, Conflict and Humanitarian Assistance | | | | |
| USAID Objective 1: Strengthen the rule of law and respect for human rights | | | | |
| Did your program achieve a significant result in the past year that is likely to contribute to this objective? | | | | |

| | | | | | |
|---|------|--------|-------|--|---|
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | (1) The pilot testing of court-ordered mediation at the Appeals Court level resulted in a 62% success rate (Aug to Sept 2002). (2) Mediation in lower courts has been institutionalized. (3) Mediation systems in 89 barangays (i.e., smallest political unit at the village level) in Mindanao have been established. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| USAID Objective 2: Encourage credible and competitive political processes | | | | | |
| Did your program achieve a significant result in the past year that is likely to contribute to this objective? | | | | | |
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | Introduction of a campaign finance bill in Congress which resulted from a USAID-assisted conference on finance reform | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| USAID Objective 3: Promote the development of politically active civil society | | | | | |
| Did your program achieve a significant result in the past year that is likely to contribute to this objective? | | | | | |
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | Yes | | | Establishment of Procurement Watch, Inc., a local NGO that will both marshal public support for passage of the new procurement code and monitor actual procurement actions on a continuing basis. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| USAID Objective 4: Encourage more transparent and accountable government institutions | | | | | |
| Did your program achieve a significant result in the past year that is likely to contribute to this objective? | | | | | |
| 492-002 Investment Climate Less Constrained by Corruption and Poor Governance | N/A | | | (1) An Independent Revenue Authority bill was drafted and filed in the Philippine Congress. (2) Assistance to the Bureau of Internal Revenue resulted to the development of techniques to use detailed information on value-added tax returns which revealed hundreds of firms that have egregiously under-declared sales revenues, frequently resulting in high VAT credits than liabilities. (3) Post entry audit and transactions value system was institutionalized at the Bureau of Customs. (4) Procurement reform legislation was passed. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| USAID Objective 5: Mitigate conflict | | | | | |
| Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective? | | | | | |
| Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective? | | | | | |
| 492-010 Prospect for Peace in Mindanao Strengthened | Yes | | | Livelihood assistance provided to 5,000 former combatants dissuaded them from rejoining the armed conflict. | Information based on: 1) written reports from activity contractors and grantees, reviewed by cognizant technical officers (CTO), and as appropriate, by host country implementing partners; and 2) day-to-day monitoring by these CTOs. |
| Number of refugees and internally displaced persons assisted by USAID | Male | Female | Total | | |
| USAID Objective 6: Provide humanitarian relief | | | | | |

Did your program achieve a significant result in the past year that is likely to contribute to this objective?

| | | | | |
|--|------|--------|-------|--|
| Number of beneficiaries | | | | |
| Crude mortality rates | % | | | |
| Child malnutrition rates | % | | | |
| Did you provide support to torture survivors this year, even as part of a larger effort? | | | | |
| Number of beneficiaries (adults age 15 and over) | Male | Female | Total | |
| Number of beneficiaries (children under age 15) | Male | Female | Total | |